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FM AMEMBASSY ASHGABAT

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INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE

RUCNCIS/CIS COLLECTIVE

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RUEHAK/AMEMBASSY ANKARA 5991

RUEHBJ/AMEMBASSY BEIJING 3685

RUEHKO/AMEMBASSY TOKYO 3544

RUEHIT/AMCONSUL ISTANBUL 4233

RUEKJCS/JOINT STAFF WASHDC

RUEAIIA/CIA WASHDC

RUCPDOC/DEPT OF COMMERCE WASHDC

RHEFDIA/DIA WASHDC

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C O N F I D E N T I A L ASHGABAT 001601

SIPDIS

STATE FOR SCA/CEN; EEB;
COMMERCE FOR DSTARKS/EHOUSE

E.O. 12958: DECL: 12/10/2019

TAGS: [ECON](#) [BTIO](#) [EIND](#) [EINV](#) [IR](#) [TX](#)

SUBJECT: TURKMEN PRESIDENT CRACKS DOWN ON OLD CARS

REF: ASHGABAT 1529

Classified By: Charge Sylvia Reed Curran for reasons 1.4 (b) and (d).

¶1. (SBU) Per a December 4 decree by Turkmen President Gurbanguly Berdimuhamedov, Turkmenistan will ban the import of foreign cars produced before 2000. The ban will take effect on January 1, 2010, allowing cars that were produced before 2000 to be imported until the end of the year. The ban comes at a time when older used cars have become more affordable for Turkmen consumers. In addition, the used car market thrives in the country's major cities, and has provided a considerable amount of business for used car brokers, mechanics, and auto part dealers.

¶2. (C) Used cars generally come into Turkmenistan from the UAE via Iran. Used American cars in the UAE are also legally shipped through Iran, as the vehicles are registered in the United Arab Emirates first. Local car salesmen also told us that more U.S.-brand vehicles showed up in the country after Hurricane Katrina, asserting that these cheaper, damaged cars were easily picked up by savvy UAE car dealers, who got a great price for cars which are rarely found in Turkmenistan. In addition, the small Turkmen diaspora in the U.S. has reportedly been able to locate buyers in Turkmenistan, agree on a price, and ship cars through the UAE, without paying UAE middlemen steep surcharges. The latest ban, if aggressively enforced, could virtually shut down one of the country's fastest growing markets.

¶3. (C) According to local car dealers, the 1995-1996 Opel is one of the most popular used cars in the country. On average, the vehicles go for about \$4,000 and are often used as private taxis by their owners, who either supplement their salaries or are otherwise unemployed. A Japanese diplomat told poloff that President Berdimuhamedov plans to sign a deal to buy 1,000 Japanese taxis during his trip to Japan this month. Local businessmen asserted that the President Berdimuhamedov is tired of seeing old cars "detract from the beauty of Ashgabat." They ventured that Berdimuhamedov is also tired of seeing personal vehicles used as taxis. The

ban and the reported intention of the Turkmen President to buy the new Japanese taxis might corroborate what we have been hearing on the street.

¶14. (C) Besides making it harder for part-time taxi drivers, and others who use their cars for business to make ends meet, the decision to ban older, used cars would increase the demand for newer cars. With that greater demand, will come an increase in price for cars that are already too expensive for many Turkmen. At the same time, the ban could actually benefit new car sales in the country, at a time when car dealers are starting to open showrooms in Ashgabat (reftel).

¶15. (C) COMMENT. Although rumors about the ban on older, used cars started circulating in the summer, the announcement came as a shock for many. If the ban is enforced, it will affect several markets and many jobs that have flourished from the consistent shipment of older, used cars from the UAE. The Turkmen President is reportedly serious about eliminating things that detract from the beauty of the city he hopes will become the most beautiful city in the world. Recently, local residents reported that Berdimuhamedov found the white paint, used on roads to separate lanes and for crosswalks, was too dingy, which resulted in an onslaught of street workers scraping the old paint off the roads. It appears that older used cars have also found their way onto the Turkmen President's bad list. END COMMENT.

CURRAN